## Message Text

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E.O. 11652: GDS

TAGS: ETRD

SUBJECT: NON-RUBBER FOOTWEAR--DISCUSSIONS WITH ROK OFFICIALS

REF: SEOUL 2764

1. ON APRIL 11 STR AMBASSADOR STRAUSS EXPLAINED THE PRESIDENT'S DECISION ON NON-RUBBER FOOTWEAR TO ROK COMMERCE MINISTER CHANG WHO WAS VISITING WASHINGTON WHILE IN NORTH AMERICA WITH A KOREAN BUYING MISSION. AMBASSADOR STRAUSS TOLD CHANG THE IMPORTANCE WE ATTACHED TO ARRIVING RAPIDLY AT AN ORDERLY MARKETING AGREEMENT (OMA) WITH THE ROK AND ALSO TAIWAN. WHILE TECHNICAL DETAILS WERE DISCUSSED AT A FOLLOW-UP MEETING AMBASSADOR STRAUSS TOLD CHANG THAT THE YEARLY LEVEL OF IMPORTS FROM KOREA THAT CONFIDENTIAL

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WE HAD IN MIND WAS 30 MILLION PAIRS WITH GROWTH AND 34 MILLION PAIRS WITHOUT A GROWTH PROVISION. CHANG, WHO HAD LEFT SEOUL AT THE TIME OF THE PRESIDENT'S DECISION, WAS NOT PREPARED TO DISCUSS THE SUBJECT IN ANY DEPTH AND SUGGESTED THAT U.S. NEGOTIATORS BEGIN DETAILED TALKS IN SEOUL IN TWO WEEKS. (STR TEAM TENTATIVELY PLANNING ARRIVE SEOUL MAY 2. WOULD APPRECIATE KNOWING IF ACCEPTABLE

TO ROKG).

- 2. STR OFFICIAL STEVE LANDE AND INTERAGENCY TEAM MET WITH THE DELEGATION ACCOMPANYING MINISTER CHANG, WHICH WAS LED BY ASSISTANT MINISTER OF COMMERCE KIM. KIM SAID THAT HE WAS NOT AUTHORIZED TO STATE ANY POSITIONS AND DID NOT HAVE DATA WITH HIM, BUT THAT HE WOULD LIKE TO KNOW WHAT THE U.S. HAD IN MIND. LANDE SPELLED OUT THE BROAD OUTLINES OF AN OMA--THE LEVELS CITED ABOVE, A DURATION OF FOUR YEARS, POSSIBLE PRICE BREAKS AND CATE-GORIES BY TYPES OF SHOES, METHODS OF CONTROLLING THE SYSTEM, ETC. LANDE POINTED OUT THAT WE WOULD LIKE TO CONCLUDE AGREEMENTS WITH TAIWAN AND KOREA AS SOON AS POSSIBLE SO THAT WE WOULD HAVE TIME TO VISIT THE OTHER PRINCIPLE SUPPLYING COUNTRIES NOTING THAT THE PRESIDENT HAS ONLY 90 DAYS FROM APRIL 1 IN WHICH TO CONCLUDE THE APPROPRIATE OMAS AND UNDERSTANDINGS. LANDE ALSO CALLED KIM'S ATTENTION TO PROBLEMS STEMMING FROM THE EXTREMELY RAPID RATE AT WHICH KOREAN FOOTWEAR WAS CURRENTLY ENTERING THE U.S., (PROJECTED FROM JAN.-FEB, IMPORTS AT 60 MILLION PAIR FOR 1977). LANDE SAID THE RAPID GROWTH MIGHT MAKE IT NECESSARY FOR THE OMA TO BECOME EFFECTIVE RETRO-ACTIVELY FROM MAY 1. AND THAT IT WOULD BE VERY HELPFUL IF WE KNEW HOW MANY KOREAN SHOES HAVE BEEN SHIPPED AND ARE NOW IN TRANSIT. LANDE ALSO INFORMED KIM THAT A MORE DETAILED MONITORING SYSTEM WOULD BECOME OPERATIONAL
- 3. KIM REMARKED THAT THE KOREANS WOULD FIND IT RATHER CONFIDENTIAL

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HARD TO ACCEPT AN AGREEMENT FOR FOUR YEARS AND SUGGESTED A ONE-YEAR RENEWABLE AGREEMENT. HE THOUGHT THAT IT WOULD BE VERY HARD TO DETERMINE WHAT HAD ALREADY BEEN SHIPPED FROM KOREA TO THE U.S. AND TO MONITOR CURRENT SHIPMENTS BEFORE KOREA HAD AN EXPORT CONTROL SYSTEM IN EFFECT. HOWEVER, HE SAID HE WOULD SEE WHAT COULD BE DONE AND INFORM LANDE THROUGH THE KOREAN EMBASSY. KIM SAID THAT THE ROK WOULD FIND IT DIFFICULT TO ACCEPT AN AGREEMENT THAT WAS RETROACTIVE. TO HANDLE THE CURRENT HIGH LEVEL OF EXPORTS, HE FELT A RAPID AGREEMENT WAS NEEDED BECAUSE ONLY WITH AN AGREEMENT IN HAND COULD THE KOREAN GOVERNMENT CONTROL EXPORTS.

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